

United Kingdom Tax Strategy

As a multinational group with operations in the United Kingdom, Skandinaviska Enskilda Banken AB (publ) is required by UK tax legislation to publish details of its United Kingdom tax strategy on its website annually. SEB describes its global approach to tax in its Sustainability reports; and publishes its group-wide Tax Policy and its Code of Conduct online. The Group is committed to comply with all applicable tax laws in the UK and all the countries in which it operates. SEB wants to take an active part in the development of society, and sees tax and tax management as an important part of its contribution.

This UK Tax Strategy document complements the group-level publications by describing SEB's approach to tax compliance for its operations in the United Kingdom during 2023. It covers SEB London Branch, the Group's operating entity in the UK, together with Suecia Re and Marine Insurance Co Ltd (closed to new business) and Skandinaviska Enskilda Ltd (in Liquidation).

Business background

SEB has a strong ambition to contribute to sustainable growth and to help customers, people and communities prosper. In doing so, SEB pursues a long-term commitment to business ethics and public trust.

The main geographic focus of SEB's business is the Nordics, the Baltics, Germany and the UK. It has a diverse business mix, serving the needs of a wide customer base through divisions focussing on wholesale banking for larger corporates and financial institutions, retail banking for corporate and individual clients, asset management, and life insurance. SEB's main presence in the UK is through its Branch, located in the City of London. SEB London Branch mainly provides a range of wholesale banking products and services to large UK corporates and to financial institutions; and supports UK subsidiaries and branches of other home-market clients. In addition, SEB London provides representative office services to the Private Banking business of the SEB group, but does not itself have private individuals as clients.

SEB recognizes that banks must strive to provide competitive products to their clients, and value to their shareholders, without compromising the ability of governments to lawfully and fairly collect tax revenue in support of the sustainable development of the communities of which the banks are a part.

Main tax risks linked to the SEB business in the UK

As an international banking group, SEB has responsibilities placed on it by governments to assist in the fight against financial crimes, including tax fraud. In accordance with international and domestic UK obligations, SEB London Branch provides information to H M Revenue & Customs on customers' interest income and account balances held at the branch. Information on customer cross-border transactions may be reported to the Swedish tax authority in accordance with the requirements of

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Registered at the Swedish Companies Registration Office — Bolagsverket, registered office : Stockholm, registered number: 502032-9081.
SEB London Branch is registered in England and Wales under BR000979. Authorised and regulated by the Swedish Financial Supervisory Authority. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

EU Directive 2018/822 (“DAC 6”) as implemented in Sweden, and under the new Mandatory Disclosure Regime in the United Kingdom.

SEB group entities pay corporate income taxes on the profits attributable to their business establishment in the UK. SEB uses appropriate transfer pricing policies to allocate the income and expenses of integrated business lines between SEB London Branch and other SEB sites jointly contributing to the business, particularly SEB Stockholm. In compiling its corporation tax return, SEB London Branch considers the implications of legislation such as the Corporate Interest Restriction and the Hybrids regime. Suecia Re & Marine’s long term insurance business has a specific complex tax regime.

The range of business in SEB London Branch means some of the banking products and services provided to its customers are subject to VAT, whilst many financial products such as loans are exempt. Only part of the UK VAT paid by SEB is recoverable, and SEB is overall a net payer of UK VAT. In addition, financial transactions may on occasions involve other transaction-related taxes.

As an international employer with some internationally mobile employees, SEB is responsible for the correct application of all payroll taxes on the salaries, benefits in kind and longer-term benefits of staff working in the UK.

Governance

The Board of Directors of SEB has adopted a group Tax Policy and a group Transfer Pricing policy, which are regularly reviewed. A supplementary Tax Policy for SEB in the UK was adopted by the SEB London Branch management committee and expresses SEB’s adherence to the Code of Practice on Taxation for Banks, as promulgated by HMRC.

Responsibility for ensuring compliance with UK tax obligations in respect of the banking business is delegated to the SEB London Branch CFO. The CFO can call on the Group Tax Manager and his specialist team for support and guidance, or obtain assistance from external professional advisors. The responsibility for ensuring compliance with UK tax obligations in respect of the insurance business in Suecia Re and Marine Insurance Co Ltd lies with its Board of Directors.

Management and handling of all taxes incurs operational risk, as does other regulatory and financial reporting. Controls over tax assessment and reporting are included in SEB’s framework for Internal Control over Financial Reporting, adopted by the Board for assurance over financial reporting. This means that controls over the data which underlies financial and tax reporting, and controls over reporting processes, are regularly reviewed. Identified weaknesses are prioritised and fed back into a process of continuous improvement.

SEB’s risk management processes also include a New Product Approval Process focussed on identifying and managing risks related to new or amended products. The range of issues considered includes taxation matters in order to ensure tax compliance. The level of acceptable tax risk in SEB is low. Significant potential tax risks are reported to the Tax and Accounting Committee, including the Group Tax Manager and the Head of Group Finance. Furthermore, SEB has guidelines for incident reporting, which also includes reporting of tax errors. The purpose is to ensure that errors are corrected, to mitigate the risk for repetition, improve SEB’s performance, processes and quality as well as protect SEB’s assets, employees, and customers.

Attitude towards tax planning

The Tax Policy for the SEB Group is considered by the Board of Directors and reviewed periodically, most recently in April 2023. The updated Policy states that SEB must not use, encourage or facilitate products or services in conflict with tax legislation and anti-tax avoidance law, nor co-operate with external parties to facilitate such products or services. Products and services offered by SEB must always have business rationale. This Tax Policy is consistent with the SEB Code of Conduct, SEB's policy on ethical matters, last revised and re-adopted in January 2023.

The Board of Directors envisages that tax effects will be one of the considerations when planning matters such as the legal structure of the group. However, any tax planning undertaken by Group Taxes is in support of the operational businesses.

SEB's approach towards dealings with HMRC

SEB seeks to establish and maintain a good relationship with HMRC. It undertakes all dealings with HMRC in a professional, transparent and timely manner, both when it comes to its own tax matters and in reporting obligations regarding customers. If SEB discovers a material error in a tax self-assessment, it aims to correct the error appropriately and without delay. Audits are coordinated through a named member of the finance department, and less formal information requests from HMRC are satisfied if possible within an agreed timescale.

SEB aims to show professionalism in its relationship with HMRC by being aware of and understanding UK tax requirements, and by complying with reporting deadlines. For Suecia Re & Marine Insurance, local tax agents are engaged for this purpose. Uncertainties can occur in the application of tax regulations to real-life transactions; SEB endeavours to handle these in accordance with the spirit and not just the letter of the law, and tries to achieve a reasonable level of confidence that its assessment would be upheld. Advice on appropriate treatment is sought from external consultants for matters of significance.

Applicable law

The publication of this document complies with Finance Act 2016, Schedule 19 Part 2, paragraphs 19 & 22.

Approval

This statement is approved for publication by the relevant entities.